GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:103
ANSWERED ON:10.03.2005
SUPPLY OF GAS CYLINDERS TO CUSTOMERS
Swain Shri M.A. Kharabela

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the public sector oil companies have instructed the gas agencies to slow down the delivery of gas cylinders to the customers;

(b) if so, the reasons therefor; and

(c) the steps being taken by the Government to ensure supply of gas cylinders to customers on time?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE LOK SABHA STARRED QUESTION NO. 103 BY SHRI KHARABELA SWAIN TO BE ANSWERED ON 10TH MARCH, 2005 REGARDING SUPPLY OF GAS CYLINDERS TO CUSTOMERS.

(a) to (c) : While there are no instructions from Public Sector Oil Marketing Companies (OMCs) to slow down the delivery of gas cylinders to customers, there is now more strict monitoring than earlier of the distribution of cylinders.

Based on long-term trends, OMCs have estimated the national average consumption per family of 5 persons to be about 10 Kg per month, i.e., a 14.2 kg cylinder may last for about 40 days. However, it varies from market to market and season to season. Against this norm, and taking into account the growth in customer base, it was noted that there has been a spike in the growth of domestic LPG consumption, which can only be accounted for by unauthorised use of subsidised domestic LPG. The growth rate in consumption increased from 8.6% in 2002-03 to 13.4% in 2003-04 and further to 17.5% during April-June 2004. With a view to monitoring and minimising unauthorized usage of domestic LPG, OMCs have started strict scheduling and monitoring of supplies to their distributors since June 2004.

Domestic LPG is a subsidized product. In addition to the Government subsidy, the public sector Oil Companies have also been subsidizing this product. Based on February 2005 international prices of LPG, the total subsidy on domestic LPG works out to Rs. 96.20/ cylinder of 14.2 Kg. Thus, while, ensuring easy availability of LPG to genuine customers, it is necessary to monitor that the subsidized product is not diverted for unauthorised usage, such as commercial purposes and automobiles, including auto-rickshaws.

In addition to the problem of diversion, on account of the increase in steel prices, especially from January 2004 onwards, OMCs also faced a shortage of LPG cylinders for some time. However, this has since been resolved and there is no longer any shortage of LPG cylinders.

On account of regulated supplies to distributors, in certain markets, rush of refill booking may cause a time gap between the date of refill booking and date of refill supply. However, in such cases, necessary corrective action is taken by OMCs.